

TONBRIDGE & MALLING BOROUGH COUNCIL

PARISH PARTNERSHIP PANEL

11 September 2008

Report of the Director of Finance

Part 1- Public

Matters for Information

1 REVIEW OF FINANCIAL ARRANGEMENTS WITH PARISH COUNCILS

This report provides details of the outcome of the review of Financial Arrangements with Parish Councils.

1.1 Introduction

- 1.1.1 The Council has a Scheme of Financial Arrangements with the Parish Councils to provide revenue and capital funding for local services under the provisions of the Local Government Act 1972.
- 1.1.2 This Act allows payments by one council to another where both councils have powers to carry out a specific function. The borough council uses these powers to assist parishes with the cost of services they provide which are provided by the borough council in unparished areas.
- 1.1.3 Due to severe financial pressure, caused largely by the recent poor 3 year government grant settlement, Cabinet requested that Advisory Boards and Committees consider a number of options to reduce this pressure. The Finance and Property Advisory Board was asked to examine the existing Scheme of Financial Arrangements with Parish Councils. In particular, it was asked to consider a possible review of the capital grants system, and the opportunity to restrict further increases in grant to the same percentage as Government treats the Borough Council (Decision No. D080061CAB).

1.2 Outcome of Review

- 1.2.1 In August 2008, letters were sent to Parish Councils giving details of the recommendations made to Cabinet by the Finance and Property Advisory Board:-
- in respect of the Capital Grants element of the Scheme of Financial Arrangements with Parish Councils, the grant terms and conditions be strengthened to ensure that grant monies allocated are spent on Council priorities and in a timely manner, in particular that parish councils submit applications for fully worked up schemes by 30 October each year; and

- in respect of the Revenue Grants aspect of the Scheme, the annual uplift should track the cash increase received by the Borough Council in its Revenue Support Grant settlement in the previous year.
- 1.2.2 The implications for the revenue grants would mean an increase of 0.4% in 2009/2010 and further increases of 0.5% and 0.6% in the following years. The latter increases would be subject to confirmation following the issue of revenue support grant details in January of each year.
- 1.2.3 Parishes were asked for comments which were to be reported to Cabinet when considering the recommendations on 3 September 2008. Details of the comments are appended in **ANNEX 1** to this report.
- 1.2.4 **At its meeting on 3 September 2008, Cabinet endorsed the proposed recommendations, confirming the increase for 2009/2010** (decision notice D080145CAB refers). A table showing the resultant allocations per parish is shown in **ANNEX 2** to this report. All Parishes will receive written confirmation of these amounts in due course.

1.3 Legal Implications

- 1.3.1 The Financial Arrangements with Parish Councils are in accordance with Section 136 of the Local Government Act 1972 which says: "Two or more local authorities may make arrangements for defraying any expenditure by one of them in exercising any functions exercisable by both or all of them."

1.4 Financial and Value for Money Considerations

- 1.4.1 As set out above.

1.5 Risk Assessment

- 1.5.1 As with any grant scheme, there remains an element of risk associated with the third party's service delivery, however our experiences with the Parish Councils lead us to believe this risk is very small.

Background papers:

contact: Francis Gahan

Parish Charter

Guidance notes held by Accountancy Section
Report to Finance and Property Advisory Board
09/07/08 – Financial Arrangements with Parish
Councils – Possible Review.

Letters to Parish Councils 05/08/08 – Financial
Arrangements with Parish Councils 2009 / 10

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